

SHERROD BROWN
OHIO

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SELECT COMMITTEE ON ETHICS

United States Senate

WASHINGTON, DC 20510

March 23, 2011

The Honorable Tom Vilsack
Secretary
U.S. Department of Agriculture
1400 Independence Avenue, SW
Washington, DC 20250

Dear Secretary Vilsack:

Thank you for all that you do for small towns and rural communities in Ohio and across the nation. It has come to my attention that many small communities across Ohio are struggling to make debt service payments on water and wastewater systems. As you know, the financial burden of maintaining safe water systems is disproportionately high for small communities and has been amplified by a difficult economy and recent relocations of major water users. Currently, many small villages and rural communities are at high risk of defaulting on their USDA wastewater loans and have few very few options to regain financial stability. I would urge you to work with these communities before they reach the default phase.

Many small towns are home to just one major employer – whether it is a school, factory or other industry. As many of these large water users have closed and moved elsewhere, local residents are seeing their monthly utility bills escalate to make up lost revenue. Across Ohio, many efforts to refinance or reamortize these loans have been unsuccessful, and many small systems are now in jeopardy of defaulting on their loans.

The Village of New Riegel in Seneca County, Ohio provides an excellent example of the problem. This small village of 226 people had a large food processor, Farmland Foods, in town when its sewer system was developed. The system was sized to handle food processing wastes from the plant, which represented 60-65% of the town's sewer use. With the industry now gone, the community finds itself unable to meet its debt obligation. Unfortunately, New Riegel isn't the only Ohio community suffering with these issues.

Currently, local USDA offices have limited options to give assistance to communities until their loans go into default. By offering borrowers a wider variety of solutions before they enter default, USDA can help communities maintain healthy and clean drinking water and disposal services.

I look forward to our continuing work to assist small towns in Ohio and across the country. Thank you for your attention to this matter.

Sincerely,



Sherrod Brown
United States Senator